these long years, in their struggle for freedom and equality.

We look forward to building a new future, as Partners in Freedom, and in service of the good of all humankind.

Today, as we rejoice, we remember all those who laid down their lives in this great cause. We pay our respectful tributes to the countless martyrs and heroic freedom fighters, whose sufferings and sacrifices will ever inspire us.

I take this opportunity to congratulate President Nelson Mandela and the people of South Africa, who are our brethren and neighbours across the seas.

With the permission of the House, I would like to read our the Resolution which, I hope, we will pass unanimously.

This House

— Notes that today, May 10, 1994 is a specially auspicious day for South Africa, the Continent of Africa, the people of India, and the whole world.

— Welcomes the fact that a new Government elected on the basis of the first ever multiracial elections has assumed office.

— Rejoices that Mr. Nelson Rohlihlala Mandela has been elected as South Africa's first democratic President.

— Recalls that Mahatma Gandhi, Father of the Indian nation, declared his love for South Africa and his concern for her problems.

— Recognizes that about 10 lakh people of Indian origin are now citizens of South Africa, have struggled with their South African brothers and sisters against apartheid and contributed to the prosperity of that country.

— Recognizes further that India was always in the forefront of the anti-apartheid struggle, the first nation to raise the issue of racism in the United Nations, and has rendered consistent moral and material support to the South African people struggling for liberty against colonial domination and White minority rule.

On behalf of the people of India, this House declares

— That the people of India join with the people of South Africa to celebrate with joy, happiness and pride their achievement of freedom and what their freedom signifies for the whole world.

— That the South African struggle has shown that the strength of the human spirit and moral conviction are irresistible forces for positive change.

— That India extends its warmest congratulations to President Nelson Rohlihlala Mandela as he takes up his responsibilities today as Head of State of South Africa. We pay tributes to all the people of South Africa in wishing them success in building a future of peace, democracy and prosperity.

The Resolution was adopted.

CALLING ATTENTION TO A MATTER OF URGENT PUBLIC IMPORTANCE

Follow-up action on the report of the J.P.C. on irregularities in Securities and Banking Transactions - *Contd.*

THE DEPUTY CHAIRMAN : Now shall we go back to our business after all the rejoicing?

SHRI M.A. BABY : Not very inspiring!

SHRI S. JAIPAL REDDY : We should now proceed from felicitations to condemnation.

THE DEPUTY CHAIRMAN : I won't join you in that. I assure you, Mr. Jaipal Reddy, whomever you condemn, I am not going to be a party to that. Mr. Jagesh Desai has completed his speech. Now I have four names—Shri Madan Bhatia, Shri Hanumanthappa, Shri Satya Prakash Malaviya and Shri T. Ramachandran.

[THE DEPUTY CHAIRMAN]

The Chairman wanted that we should finish it in three hours. I do not know how we will do it.

SHRI VIREN J. SHAH (Maharashtra): We can skip alternate persons.

THE DEPUTY CHAIRMAN : I wanted the parties' decision.

I call Mr. Madan Bhatia. I can only request him to be brief and to the point.

SHRI K. R. MALKANI (Delhi): At what time will the Finance Minister speak?

THE DEPUTY CHAIRMAN : When everybody else's speeches are finished.

SHRI S. JAIPAL REDDY : Could not the Finance Minister reply tomorrow?

विपक्ष के नेता श्री सिकन्दर बख्त : हाउस कब तक चलेगा?

*

†[ڈپٹی چیئرمین سکندر بخت : ہاؤس کب تک چلیگا]

उपसभापति : सिकन्दर बख्त साहब, यह तो आप लोगों पर डिपेंड करता है । जब आप कहेंगे हम हाउस एडजर्न कर देंगे।

We have the legislative Business also, the Bills for consideration and passing, the Institute of Technology (Amendment) Bill, 1994 and the Dr. B. R. Ambedkar University Bill, 1994.

श्री सिकन्दर बख्त : जो तकरीर करने वाले साहबान हैं वे अपनी बात कर लें और डाक्टर साहब का बयान कल हो जाये तो अच्छा हो।

*

†[ڈپٹی سکندر بخت : جو تقریر کرنے والے صاحبان ہیں وہ اپنی بات کر لیں اور ڈاکٹر صاحب کا بیان

*

THE DEPUTY CHAIRMAN : We have to find out the convenience of the Finance Minister also.

श्री सिकन्दर बख्त : डाक्टर साहब को कोई एतराज नहीं है।

*

†[ڈپٹی سکندر بخت : ڈاکٹر صاحب کو کوئی اعتراض نہیں ہے]

THE DEPUTY CHAIRMAN : I will find it out. He did not say that.

मनमोहन सिंह जी, आप क्या चाह रहे हैं, आज ही खत्म किया जाये?

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): Madam, I would like it to be finished today.

THE DEPUTY CHAIRMAN : The reply also today?

SHRI MANMOHAN SINGH : Yes, Madam.

THE DEPUTY CHAIRMAN : He wants to reply today. He has been in this House yesterday and also the whole day today. Let the Finance Minister do some work in his office also. . . . (*Interruptions*)

We will do it today, and we will finish the Institutes of Technology (Amendment) Bill, 1994 as well as the Dr. B. R. Ambedkar University Bill, 1994, all of it today.

गृह मंत्री (श्री एस० बी० चव्हाण) : मणिपुर में प्रेसीडेंट रुल वाला?

उपसभापति : जब भी आप कहेंगे हम पास कर देंगे।

We have got the Resolution on Manipur also.

SHRI MADAN BHATIA : The Call-Attention before this august House was meant to draw the attention of the Minister of Finance to the follow-up action in the light of the recommendations and findings of the Joint Parliamentary Committee.

*†[] Translation in Arbaic script.

[The Vice-Chairman (Miss Saroj Khaparde) *in the Chair]*

Madam, there are two aspects of the follow-up action. One is the remedial measures which the Government was required to take in order to ensure that such a scam would not repeat itself in future. The second aspect of the follow-up action involves punitive action against those who were responsible for this gigantic scam, as a result of which they filled their pockets with money.

Madam, I never expected that this motion, the Calling Attention motion, will be used by the hon. Members on that side to indulge in invectives and baseless allegations against the Government, culminating once again in the demand for resignation of the hon. Finance Minister This was not the scope of the Calling Attention motion. We are not discussing the Joint Parliamentary Committee's Report, its merits or its demerits.

That exercise was done some months back; and we expressed our view. The scope of this Calling Attention motion was limited and confined only to one thing, what follow up action the Government has taken as a result of this particular report. The Government has been accused of a cover up action. This allegation of cover up action can be relevant only with regard to the second aspect of the follow up action, namely, the punitive measures which the Government was required to take against those who were guilty of the scam, who were the beneficiaries of the money which broke under this scam. What does this report say? I would like to draw attention of this hon. House to what the report has said about unuse of the money. The report in turn said, "That the Committee was seized of this aspect of the unuse of the money. From the very beginning it appreciated"—now this is important—"the movement of moneys whether from banks or from the public sector units. Therefore, the progress be traced to the end user. Then the entire inter-connected ramifications of the scam would be revealed." This is what the Committee has said. It has rightly observed, "That the most vital aspect of the entire scam was to find out where did this money disappear? who were the beneficiaries of this money? Once it is discovere who were the guilty persons into whose pockets this money went, the whole jig-saw puzzle would be solved." What did this report say? The report confessed, "The Committee regrets that it has not been possible to completely discharged to their own satisfaction. Thirty wise men drawn from both Houses of Parliament sat together for more than 1½ years to find out who were the beneficiaries of this money, who were the guilty persons and ultimately they threw in their towel and said, "It has not been possible for us to find out this basic truth." Will that give me a reason to say that the Joint Parliamentary Committee indulged in cover up action? Did the hon. Finance Minister not come before this hon. House and say frankly on the 29th December, that within a period of three months he shall place before the House the entire report regarding the follow up action? This was the period through which the whole Ministry under him and he himself was concerned with the preparation of the Budget and other Budgetary measures in Parliament. It was not possible for him to complete this task within a period of three months. I challenge that no hon. Member on this side has questioned the veracity and the *bona fide*. of this statement of the hon. Finance Minister. What does the Finance Minister say? He said, "Give me another three months, up to 30th June, 1994; and I shall be able to place before the Parliament the entire comprehensive report regarding the steps which have been taken in pursuance of the recommendations made by the Joint Parliamentary Committee."

The hon. Member of the BJP says, "The hon. Finance Minister has not mentioned the time-limit." Perhaps the hon. Member has not gone through this statement. The last line of the statement

[Shri Madan Bhatia]

in turn says, "I shall be pleased to inform the House that the action taken report shall be presented to this House by the 30th June, 1994."

5.00 P.M.

The statement is misread to attack the Government, to seek the resignation of the Finance Minister, to accuse him of presiding over a cover-up action. Now, what does this report say? After having said that it has not been possible for them to find the guilty persons, the report says: "The Committee, therefore, recommend that such a team be constituted under the overall coordinating responsibility of the Ministry of Finance and with due and proper representation of such other agencies as it may deem fit. The task of identifying the end-use of monies be entrusted to this Committee. It may be directed to report within six months of the appointment and the report also be presented to Parliament." What is the recommendation of this Committee's report? Constitute a Committee. And that Committee should be given at least six months to carry out the investigation and give the report with regard to the end-use of the money, namely, the persons who are guilty and who made use of this money. Not a single question, in the first instance, had been asked by the hon. Members on that side, before they had accused the Finance Minister of a cover-up action, whether that Committee has been constituted or not. If this Committee had been constituted, the Committee itself says that the Committee should be given a period of six months from the date of its appointment to carry out its task in accordance with the recommendations of the report. This report was published, was presented before Parliament, in the middle of December. On 29th and 30th December, the hon. Finance Minister made the statement that within three months, he would give the report. Within those three months, he was only required to appoint this Committee in accordance with the terms recommended by the Joint Parliamentary Committee. And that Committee was then to be given further six month from the date of appointment to complete the task of unravelling the guilty persons. Even if the hon. Finance Minister had appointed a Committee immediately on 30th December, six months would have expired on 30th June. Not a single question is asked of the hon. Finance Minister whether he has constituted this Committee or not. If you have not asked this question, you have no business to accuse the hon. Finance Minister saying that he is presiding over a cover-up action. If you have posed this question and the hon. Finance Minister has said that he has constituted this Committee, after that, you have nothing more to ask of the hon. Finance Minister at least up to 30th June. If, after 30th June, no report has come from this Committee then you could ask the Finance Minister, "This Committee was supposed to function under your responsibility. Why has this Committee not completed its task within the period of six months?" The whole report has been given a go-by just for the purpose of indulging in invectives, for the purpose of denigrating this Government, for the purpose of accusing this Government, falsely of a cover-up action and for striking the headlines, "The Opposition demands the resignation of the Finance Minister". Is this the level to which we are descending? Is this the level to which we are going in such an important matter which we are discussing? The manner in which the hon. Members on that side have chosen to use this calling-attention motion . . . . . to indulge in invectives against the Government and demand the resignation of the hon. Finance Minister shows how hopelessly out of touch they are with the urge, the concern and the expectations of the people of India. The people of India are not interested in the resignation of Mr. Manmohan Singh. The people of India are interested to know about the persons who are guilty and into whose pockets thousands of crores of rupees have gone. It is this concern which

is bothering the people of India. They have scant regard for this concern of the people of India. They pick on Krishnamurthy, they pick on Geethakrishnan, they pick on A,B and C and say, "Here it is--the Government cover-up action." It is my information and I would like to share the same with the hon. House that the Committee was constituted. This Committee is functioning under the chairmanship of the Custodian who was appointed under an Act of Parliament. My information is that there is an inter-disciplinary group constituted under the Chairmanship of the Custodian and its members are drawn from the Reserve Bank of India, the CBI, the Income-tax Dept. and the Enforcement Directorate and they are engaged in the exercise of finding out the end-use of the money and the real persons who are guilty of the Scam, who benefited from the Scam, Baseless statements are being made from the other side that there is a nexus between the industrialists and.... If there is a nexus, why didn't they name those thirty persons? Why did they say that we are helpless to find out the names? Why are they accusing today the hon. Finance Minister of a cover-up action? If the hon. Finance Minister is guilty of cover-up action because the names have not been found out within a period of three months when the Committee itself has given six months to the Committee, recommended to be constituted, then by the same logic, I would say although I don't mean it, I can say that the 30 wise men drawn from both Houses of Parliament were also guilty of cover-up action. But they were not. This is with regard to the punitive action. The other aspect of the follow-up action is the remedial measures which the Government was required to take. Now, what does this report say? This report says as to why the Scam took place. I would like to draw the attention of this House only to three paragraphs. One is with regard to the public sector undertakings. On page 114, the report says: "The Committee note that the public sector undertakings were the single largest source of surplus investible funds– around Rs. 36,000 crores between April 1990 and December 1992 only." And then on page 218, it says: "The Committee have sufficient reasons to believe that placements of public sector undertakings' funds became the single great contributor to the scam." If I were on the other side, I would have liked to ask the hon. Finance Minister, "Yes, you have asked for three more months. You have asked period upto 30th of June to give the report. Please enlighten us on one thing. Has the Government taken remedial steps to ensure that in future the public sector undertakings' funds shall never be available for speculation in the share market to the share brokers. No such question has been asked.

It has been glossed over. It has been glossed over by some of the eminent Members who are also Members of this hon. Committee. Why has this been glossed over? Only because the object was not to find out what the follow-up action was that the Government had taken. The object was sinister and *mala fide*, to attack the Government and demand the resignation of the Finance Minister! ...*(interruptions)*...

SHRI SANGH PRIYA GAUTAM (Uttar Pradesh): Madam, it was a unanimous Report of the JPC and the hon. Members from that side is leveling a charge against some members. ...*(interruptions)*...

THE VICE-CHARMAN (MISS SAROJ KHAPARDE): There should not be any interruptions from any side. Please sit down. Please sit down.

SHRI MADAN BHATIA: He is not even understanding it ...*(interruptions)*...Madam, the only aspect on which the questions have been put or posed is the remedial measures to be taken with regard to the functioning of the foreign banks. And it is rightly so; because the Report of the Committee, at page 48, says, "The aggregate value of

[Shri Madan Bhatia]

the transactions undertaken by the foreign banks for the period 1st April, 1991 to 23rd May, 1992 is estimated at Rs. 6,82,427 crores or 56 per cent of all the transactions." It means that the money of the foreign banks contributed to the extent of 56 per cent in the creation of this Scam! Now, Madam, the question that arises is: Has the Government not taken any remedial steps to ensure that so far as the foreign banks are concerned, they will not be in a position again to use their funds for the purpose of making them available for speculation to the share brokers. I will not go into the details because there is no report. If there had been a report, and if the report had been found inadequate, they would have been justified to indict the Government that these steps were not enough. But it is not so. The only point I would like to share with the hon. Members is--it is my information--that some of the foreign banks which were involved in these transactions have not been allowed to remit their profits abroad for the years 1990 and 1991-92." And still they say that this Government is soft on the foreign banks. Not only this, the Banking Regulations Act has been amended to provide for penal and stringent measures to be invoked against those who violate the directions and the guidelines of the Reserve Bank and who violate any directions or provisions of the statute relating to the functioning of the banks.

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): Will you please wind up?

SHRI MADAN BHATIA: First, there was an Ordinance issued in November, 1993. That Ordinance was converted into a statute by Parliament. And who brought that statute before Parliament? It is this Government. It is this Government--I have read it in the newspapers--which has taken steps to ensure that the funds of the public sector undertakings shall not again ever be made available for investment or speculation in the share market. It is my information, Madam, that the Government has taken stringent measures to ensure that the bankers' receipts shall not be used in future for making funds available for such speculative purposes and the bankers' receipts shall not be used in any manner whatsoever.

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): Please conclude.

SHRI MADAN BHATIA: I am concluding, Madam. It is my information, Madam, that the Government has taken stringent measures to ensure that the share brokers shall not be able to use the bankers' money for the purpose of indulging in speculative exercises in the share market.

It is my information that the Board functioning not only of the Reserve Bank of India but of all the Stock Exchanges all over the country is being streamlined to ensure funds for all and such a scam shall never repeat itself in the country ever in the future.

SHRI H. HANUMANTHAPPA: Madam Vice-Chairman, Mr. Gurudas Das Gupta and others have called the attention of the Government to the action taken on the JPC Report, I never thought that the stream of feedback from the home-front of Mr. Gurudas Das Gupta has dried up. When he initiated the discussion it did not have any fresh information at all. Maybe, the information flow from the home-front has dried up or been cut off. That is why he did not have any new information. Perhaps, he might have been expecting something a fresh from the banking section but it doesn't come. So, he has only the regular vocabulary. Beyond that he did not contribute any specific thing or whatever he wanted to do he could not do.

Sometimes honesty also does not pay. The Finance Minister was brutally honest to state things which are not acceptable to the Members of the other side. After all, it was in December that the Report

had been given. Everybody from this side and the other side knew that the Budget was in the making and thereafter he was brutally honest to say, "I was busy; I set the machinery into action and something is going on and the progress is all right." ...*(interruptions)*...

Please be fair. If you want to say something you say that. I don't like this duality, Mr. Dasgupta. This double fiddling is not good. You are a Communist. Be forthright. Be honest. (*Interruptions*)...

DR. BIPLAB DASGUPTA: What is this double fiddling? (*Interruptions*)...

SHRI H. HANUMANTHAPPA: If you want to say, "You are not right", you say so.

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): Mr. Hanumanthappa, please address the Chair. No dialogue with the other side.

SHRI H. HANUMANTHAPPA: He is Biplab. What can I do? He creates *viplab*. So, I have to face it. The JPC has done a voluminous work; there are voluminous records; there is a voluminous Report. We cannot come before the Parliament with half-baked things. There are so many things to be done, inspections, writing replies, compilations, etc. Then only we can come back to the Parliament. Therefore, honestly he has stated certain things. When there is an hon. Minister we criticise him. When there is an unscrupulous Minister we criticise him. What do you want? When someone is honest, you don't want to accept him. You want everyone to be unscrupulous. (*Interruptions*) Mr. Biplab Dasgupta, all parties are running Governments here and there. Please keep your hands on your chest and test yourself. There may be variations. Don't do that drama here. There may be variations in degrees. But everyone is living in such a situation. Don't forget this. It is easy to point one of your fingers at others but the other finger will point at yourself. When you are in power so many things happen without your knowledge under you nose. यह जो अंदर होता है, इसको भी जरा देख लेना चाहिए।

While using the forum of Parliament for criticism, let us be fair in our criticism. After all, this Government has not given this JPC report. Mr. Ashok Mitra says, "it is also a slap on the Members. Why was it only on three Members on this side? There are other Members also. It is also a slap on his Members. Mr. Dipen Ghosh, toiled to bring out this report. He should have thought about it. If this report was to be covered up, it could have been done by anybody. It is to the credit of the hon. Prime Minister who said, "Nothing to hide." He announced from the ramparts of the Red Fort that an inquiry would be held and the Government would support the inquiry. That is how it has come out. The Members of the JPC belonging to different parties knew what the contribution of the Congress party is. *(interruptions)*. We have conceded many of the facts. There are lacunae. There are shortcomings. We have taken note of all these things. The interest of the country was of paramount importance before the Members of the JPC. If the Government had gone on some wrong lines, it had accepted that. It has got the courage to accept it and say, "Yes, these mistakes have been committed. These are the things which we should correct." You may be in the ruling party or I may be in the ruling party. We owe a duty to the nation, to the country and to the countrymen. Here we are honest. We have said, "Yes, these mistakes have taken place in the Reserve Bank of India, in the Finance Ministry, in PSUs, in the Railways, in OIDB, etc." We have pointed them out.

Everything is here. We have not hidden anything. Some of the Opposition Members accused the Government that it was trying to cover it up. If the Government wanted to cover it up, then it would have started from the very beginning. This was not the intention of

[Shri H. Hanamanthappa]

the JPC Member. The JPC Members took the onerous responsibility to answer to the nation because thousands of crores of rupees were involved in it. Let us not try to score points by accusing the Government. It has not tried to cover it up. It is the Finance Minister who initiated it. Membes may be knowing that some of the JPC Members objected to it and said, "Why is he not waiting till we give our report? Why is he trying to score a point over the JPC? Why is he issuing circulars? The economy cannot come to a standstill, whether there is a scam, whether there is the JPC or whether there is any inquiry. It cannot come to a standstill. It has to be on the move. While take up corrective steps, while issuing directions to the Reserve Bank, the CBI and to various institutions, the Government also look into it. It is to the credit of Dr. Manmohan Singh. He initiated the action from the very day when he came to know that these things are happining in his own Ministry. We cannot blame him individually. It is the collective responsibility. This report does not belong to the Finance Minister. The Finance Minister has only been asked to reply.

SHRI GURUDAS DAS GUPTA: The Finance Ministry also.

SHRI H. HANUMANTHAPPA: Mr. Manmohan Singh alone cannot come out with the reply. There are various Ministries and Departments with whom he has to coordinate, get the replies, compile them and come before the House.

This is what is required. That is why he asked for some time. Madam, actually, Mr. Jaipal Reddy wanted Mr. Manmohan Singh to resign. Why is he asking for resignation? It is because if Mr. Manmohan Singh continues as Finance Minister...(*Interruptions*)

SHRI S. JAIPAL REDDY: Your Government does not deserve him. You don't need a clean man...(*Interruptions*)

SHRI H. HANUMANTHAPPA: I will answer you, Mr. Jaipal Reddy. I will also say why you have brought in this Motion...(*Interruptions*). You are asking for his resignation because if he continues as Finance Minister, when things are improving, which you yourself know, whether you like it or not, whether Gurudasji likes it or not...(*Interruptions*)

SHRI GURUDAS DAS GUPTA: Things are improving for you only and not for the country...(*Interruptions*)

SHRI H. HANUMANTHAPPA: Things are improving for the country...(*Interruptions*)

SHRI GURUDAS DAS GUPTA: But where?

SHRI H. HANUMANTHAPPA: Let us debate it later. If you close your eyes, Mr. Gurudas Das Gupta, if you wear a coloured spectacle, I cannot show you the light. Your view is black and if you want to see white...(*Interruptions*)

SHRI GURUDAS DAS GUPTA: Is inflation a success?

SHRI H. HANUMANTHAPPA: Inflation is something which goes up and comes down depending upon...(*Interruptions*)

SHRI S. JAIPAL REDDY: So, inflation is like the stock market and he is not prepared to lose his sleep!

SHRI H. HANUMANTHAPPA: Those who are in the Government, those who are running the Government, cannot take it so lightly, Mr. Jaipal Reddy. You may laugh at it. But these are not the things to be laughed at. Please listen. Why should Mr. Manmohan Singh go? Is it because things are stabilising and the position is improving? For opposition sake, you are opposing it. But you cannot deny the facts. You yourself have said that out of 13,000...(*Interruptions*)

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): Mr. Hanumanthappa, please conclude.

SHRI H. HANUMANTHAPPA: Madam, certain facts have to go on

record because my friends...

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): But don't indulge in interruptions.

SHRI H. HANUMANTHAPPA: Madam, I crave you indulgence. Some of these things should go on record. Mr. Gurudas Das Gupta said, "I do not know; I am not sure" and all that and he still says, "slowed down". Where is it so? He didn't say where it slowed down at all. They are simply accusing, "You have slowed down; you are covering up." But where is it so? You have not given a single example...(*Interruptions*)

SHRI GURUDAS DAS GUPTA: Madam, I can give an example...

SHRI H. HANUMANTHAPPA: Not now...(*Interruptions*)

SHRI GURUDAS DAS GUPTA: I have done it. The hon. Member might have missed it...(*Interruptions*)

SHRI H. HANUMANTHAPPA: You have missed the bus. Also, Mr. Ashok Mitra says that liberalisation and globalisation will lead to colonialism. It is only those people who remember colonialism very well. Who converted the imperial war into people's war during the Quit India Movement? (*Interruptions*)

SHRI GURUDAS DAS GUPTA: Excellent history!

SHRI H. HANUMANTHAPPA: The new friends of mine do not know history. So, Mr. Gurudas, they should know it. They are accusing the Government that it is leading us towards colonialism. They should rsearch their hearts. What was the Congress fighting for at that time? What did these people do? When Russia joined Britain, what did you good old friends do then? You should know the story. Suddenly, imperial war was converted into the people's war. And you supported Britain. Now, you say...

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): Mr. Hanumanthappa, please come to the point...(*Interruptions*)

SHRI S. JAIPAL REDDY: Mr. Hanumanthappa has innovative ideas. Will he now go to South Africa? (*Interruptions*)

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): No interruptions, please...(*Interruptions*)

SHRI GURUDAS DAS GUPTA: There is a long journey from economics to history.

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): It is not fair, Mr. Das Gupta that when a Member is on this feet, you should keep on interrupting every now and then. It is not fair.

SHRI H. HANUMANTHAPPA: Some of these hard facts are not palatable to them. But they have to accept them. Madam, the Government has no intention of covering up anything. Honestly, whatever action has to be taken has already been initiated. It is a continuous process. As my friend, Mr. Madan Bhatia, said, there are corrective steps and there are preventive steps. After all, Rome was not built in a day. Two hundred and seventy three recommendations cannot be examined in just three months. Along with regular duties, they are attending to this work also. The Government has made a commitment. There is a commitment that by 30th June, they will complete the work. After all, it is one month more. For that, why did you bring this Calling Attention?

SHRI GURUDAS DAS GUPTA: This is the second commitment.

SHRI H. HANUMANTHAPPA: We ourselves, in the JPC, have made four commitments. Why do you talk about that? These are small matters. Leave them at that. Come to the main point. Madam Vice-Chairman,...(*interruptions*)...

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): I don't think you will convert the House into JPC.

SHRI H. HANUMANTHAPPA: Why was this Calling Attention was brought at the fag end of the session? It is because there are certain by-elections in our country. They have nothing to say. Their ammunition exhausted. They have nothing to say outside and nothing to go to the people with. So, they have taken up something for this.

SHRI GURUDAS DAS GUPTA: This is where I express my strong disapproval. He is attributing insinuations to the honest attempt of the Opposition to find out the truth from the hon. Finance Minister.

SHRI H. HANUMANTHAPPA: I am not speaking for your approval or disapproval. This is a fact. Because it pinches you, you are expressing your disapproval. What can I do? I know why this Calling Attention was brought. This is only a face-saving device. You want to go to the electorate with this issue in view of the by-elections on 26th May, 1994. You want to say something on this outside because your ammunition is exhausted. That is why at the fag end of the session, this issue was brought before the House.

With these words, I thank you, Madam.

श्री सत्य प्रकाश मालवीय: माननीय उपसभाध्यक्ष महोदया, श्री गुरुदास दासगुप्ता और अन्य सदस्यों ने जो यहां पर ध्यानाकर्षण प्रस्ताव प्रस्तुत किया है, उस में केवल इस बात की मांग की गई थी कि प्रतिभूति घोटाले के बारे में संसदीय समिति ने अपनी रिपोर्ट जो दिसंबर में प्रस्तुत की, उस में क्या अनवरत कार्यवाही की गई है। इसलिए मुझे वित्त मंत्री श्री मनमोहन सिंह का वक्तव्य पढ़कर बड़ी निराशा हुई क्योंकि मैं समझता था कि दो तीन महीने में जो भी कार्यवाही की गई होगी, उसके संबंध में इस सदन को और इस सदन के माध्यम से पूरे राष्ट्र को जानकारी वह करायेंगे। लेकिन उन्होंने इस वक्तव्य में कहा है कि आपको मुझे यह सूचित करते हुए हर्ष हो रहा है कि उस में किए कार्य में काफी प्रगति हुई है। इस को अंग्रेजी में कहा है—

I am pleased to inform the House that there has been good progress in the compilation of the Action Taken Report.

बाद में 30 जून, 1994 का समय मांगा है। तो प्रतिभूति घोटाला कितना बड़ा घोटाला था जिस में बड़े जिम्मेदार लोगों के बारे में आरोप लगाए गए थे और कहा जाता है कि उसमें 10 हजार करोड़ से 12 हजार करोड़ रुपए का घपला हुआ है और रिपोर्ट में इस बात की चर्चा की गई है—

It is abundantly clear that the scam was the result of failure to check irregularities in the banking system and also liberalisation without safeguards. The second aspect about which the Committee expresses its grave concern is the supervisory role and responsibility. That supervision failed from top to bottom is self-evident.

पिछले कम से कम दो ढाई महीनों में इस बात की जानकारी तो वित्त मंत्रालय को और सरकार को हो जानी चाहिए थी कि कौन कौन वे लोग थे जिन का कि सुपरवाइजरी रोल था। सुपरवाइजरी रोल करने में वह पूरी तरह अक्षम रहे या असफल रहे क्योंकि जो चाहे राजनीतिक लोग हो या सरकारी नौकर हों, ब्यूरोक्रेट्स हों वह एक तरह से ट्रस्टी हैं और इस लिए इस संबंध में आज बहुत ही निराशा हुई यह जानकार की जो कुछ भी कंपाइलेशन हुआ उस के बारे में सदन को क्यों नहीं बताया गया।

महोदया, जो कुछ भी तथ्य थे, इस संबंध में वित्त मंत्री जी को सदन को बताना चाहिए था, उस के बाद कहना चाहिए था कि ये पूर्ण नहीं हो पाया है इस लिए 30 जून तक का और समय चाहिए। इसलिए मेरे मन में सरकार की जो मंशा है उस की नीयत के ऊपर शंका हो रही है और उस शंका का मेरे पास कारण भी है।

महोदया, जैसे कि इसी रिपोर्ट में फेयरग्रोथ फाइनेंशल सर्विसेज लिमिटेड कंपनी है, उस के बारे में पृष्ठ 39 में चर्चा की गई है। यह सर्वसम्मत रिपोर्ट थी, युनैनिमस रिपोर्ट थी। इस के पैराग्राफ 6.60 में कहा गया है।

It says in Para 6.60

> "It sought to influence public servants-which includes Government officers and Ministers

through inducement, including that of offering its high value shares at face value. FFSL provided the perfect conduit for collusive activities between broker and banker."

यूनेनिमस फाईंडिंग हैं। हर पार्टी के लोग थे। दोनों सदन की युनेनिमस फाईंडिंग हैं। जब इस तरीके के चार्ज कम्पनी पर लग रहे हैं, ब्यूरोक्रेट्स पर लग रहे हैं और यह कहा गया है कि बेजा तरीके से उनको इंड्यूस किया गया है, इन्फ्लुयेंस किया गया है तो कम के कम इस सिलसिले में इन दो-दो महीनों में क्या कार्रवाई की गई इसको सदन में क्यों छिपाया जा रहा है? मैं फिर आप के माध्यम से जानकारी लेना चाहता हूं कि जो कुछ भी कम्पाइलेशन हुआ उसके बारे में जानकारी सदन को आज ही करानी चाहिए।

दूसरे फोरेन बैंकस के सिलसिले में चर्चा हुई। गुरुदास दासगुप्त जी जब बोल रहे थे तो इस बात की चर्चा कर रहे थे कि इस बात की रिक्मेंडेशन की गई है कि जो विदेशी बैंकस हैं उनके लाइसेंस को कैंसिल किया जाए। यह उसमें अनुशंसा है। मैं वह रिकमेंडेशन पढ़कर सुनाना चाहता हूं:

> "It is necessary that stringent penalties including suspension of their licences are imposed on these banks keeping in view the extent of irregularities indulged into by each of them. Legal action should be pursued both in India and the foreign country concerned."

मैं यह कहना चाहता हूं कि जून में जो कुछ बताइयेगा, जो एक्शन लीजियेगा, जो कार्रवाई कीजियेगा वह अलग बात है लेकिन अब तक जो कार्रवाई की गई उसके बारे में इस सदन को और इस सदन के माध्यम से सारे देश को बताने में क्यों हिचकिचा रहे हैं। क्योंकि आप कुछ छिपा रहे हैं इसलिए सरकार की नीयत में शक नजर आता है। एक राजनीतिक सिस्टम है, हमारा पालिटिकल सिस्टम है उसमें जो पालिटियस लोग हैं, जो पावर में हैं उन्हीं की जिम्मेदारी है। एक्जीक्यूटिव में जो प्राइम मिनिस्टर होता है, जो कौंसिल आफ मिनिस्टर्स होती है उसके प्रति हमारे मन में शंका है। मैं समझता हूं वित्त मंत्री जी इस बारे में उत्तर देंगे, चाहे आज या कल तो इस चीज को साफ करने की कोशिश करेंगे वरना सारे देश के मन में शंका रहेगी कि सरकार कुछ न कुछ छिपा रही है और देशवासियों को गुमराह कर रही है।

SHRI TINDIVANAM G. VENKATRAMAN (Tamil Nadu): Madam Vice-Chairman, I have been hearing the arguments from both the sides, the Treasury Benches supporting the adjournment request made by the hon. Finance Minister saying that he is not in a position to furnish the details of follow-up action because he is very busy, and the Opposition asking whether it is not the duty of the Finance Minister to come with a concrete statement to justify his delay in finding the particulars about the follow-up action. Here, Madam, I am reminded of a small incident. A school boy came late. The teacher asked him, "Why are you late?" The boy said, "It became late; I was late; I could not come in time." Like that, after this Call Attention notice was given, the Finance Minister thought it fit to say that the time is not enough to furnish the details about the follow-up action. So, he has been reminded of this affair through this Call Attention motion. So, I congratulate the Opposition benches who have reminded the Treasury benches of their duty to come with a statement because the Finance Minister himself has stated-about his honesty, there are no two opinions; we are not speaking about any individual's honesty—in para 2 of his statement, and I quote:

> "I had assured the House that in the course of the next three months—that is from December- item-by-item response of the Government and action taken or proposed to be taken on the recommendations of the JPC would be presented before both the Houses."

So, an assurance was given by the hon. Finance Minister. And three months have already elapsed. There is no chance of our getting any answer at all becuase the Session is coming to a close. So, the Opposition has thought it fit to rake up the matter at least to remind the Finance Minister of his duty. That is why this Call Attention notice was given. Only after

[Shri Tindivanam G. Venkatraman]

that he thought it fit to say that due to paucity of time, he could not present the report. I would like to submit one relevant aspect which is the most important aspect Leave alone the scam. The important thing is about the allegation against the Prime Minister made by a particular individual that he paid some amount for a specific purpose, for election funds or something like that. It has been quoted in the report also that the CBI investigated into it and found that there was no truth in the allegation but they say that they could not file a complaint. Why is it so? There is an affidavit and the CBI has investigated into the matter and found that there was no iota of truth, according to them. Why is it that you fight shy of filing a case against Mr. Harshad Mehta? This is my first question which must be answered and it is the duty of the Finance Minister to tell us. The Prime Minister of India has been alleged to have received a sum of Rs. 1 crore from a particular individual and that man has given an affidavit and he also repeated it in the cross examination and during the course of the cross examination it was found that he has been giving different versions and that there was no truth in his allegation. In that case, why is the Government fighting shy of filing a case against Mr. Harshad Mehta?

My second point is, the entire drama has been enacted and enlisted and the characters have been selected by the RBI only. The report has also pointed out how those RBI officials have been characterised and how the senior officers of the RBI did not take care of the irregularities. Some junior officers were able to point out certain things but I do not go into the details. The junior officials of the RBI were able to pinpoint certain vital irregularities but the senior officials did not pursue them because of corruption. You are dealing with public money and a common man on the street is not able to understand as to how the Government will be able to recover crores and crores of rupees. According to us, the report is only a tip of the iceberg. Money has been passed on to all the four foreign banks who have already pumped the money out of the country. What is the Government doing about it? It is the duty of the Government to come forward with the facts. The Government should have come forward with the facts after the expiry of the three months' period or asked for grant of further time by this House. Instead of that, we find this late application for time after the Government was reminded about it because one Member of the Opposition has brought it out. It is really heart-rending to see that persons who are supposed to be the guardians of public money are the ones who have devised ways and means to siphon off the public funds by investing in all these securities. I am very sorry to say that in spite of the fact that there is a mention about certain Ministers involved in it, they have refused to resign and ask: 'Why should I resign?' That is the attitude. It is becuase we are living in India. Somebody quoted a report or a complaint by a lady against some dignitary—I do not want to mention the name; it was 1991 incident, not 1994. It was in America. But we are in India and we have acclimatised ourselves to Indian conditions. Therefore, we have to put up with these things. anyway the opposition is there to see that your faults are rectified failing which voters are there waiting to unseat you.

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): Before the reply of the Finance Minister, Shrimati Margaret Alva would like to intervene. Shrimati Margaret Alva: Certain points about the CBI were raised regarding transfers, investigations and so on. I am just placing a few facts before the House. I am glad that Mr. Gurudas Das Gupta has come back because some of the statements he made gave the impression that the CBI has gone to sleep eversince the scam was discovered.

Madam, I would like to say that maximum progress has been achieved in

the matter of investigation of cases arising out of the bank scam. The slow pace at which the investigation was proceeding was speeded up by detailing specific officers for each case, with a regular monitoring mechanism established.

The Government have sanctioned a special cell, known as the Bank Securities Cell, in the C.B.I., led by a J.D.—that is why, there is one officer because he is heading the Cell—consisting of 3 D.I.Gs. 6 S.Ps., 24 D.S.Ps. and supporting staff. This is exclusively meant for expeditious investigation and prosecution of cases arising out of the scam. Different officers and D.I.Gs were handling it earlier, when it started initially, resulting in lack of co-ordination and delay.

The cases were entrusted to different officers earlier, when it first broke out, as the Bank Securities Cell, specially sanctioned, was not formed. No D.I.G. who was handling any of the cases has been transferred. Instead, specific orders have been issued, after the formation of the Bank Securities Cell, under one J.D., that all the cases which were being handled by the other J.Ds. earlier should be routed only through that J.D. to the J.I. who is now heading the Bank Securities Cell. This is done to ensure that the knowledge and information of those who were temporarily associated earlier-in the initial stages — is obtained on file. In fact, none of the investigating or supervising officers or D.I.Gs. have been changed. Even the J.D. in charge of the Bank Securities Cell was assisting with the investigation of the bank scam right from the start.

The entire investigation, in fact, has now been streamlined. As a result of this streamlining and improved co-ordination and effective direction, and in pursuance of the assurances given to the J.P.C., substantial progress has been achieved in the investigation. When the J.P.C. submitted its report, only 8 cases could be chargesheeted. As of date, 11 cases have been chargesheeted and 2 cases have been otherwise disposed of by departmental action. Investigation is completed in 9 more cases and, in the next two months, in 13 more cases, investigation will be completed. The target for completion of the investigation has bene set and, as assured to the J.P.C., investigation in all the cases will be completed before October, 1994.

In respect of Gold Star, as far as the C.B.I. is concerned, a great deal of progress in the enquiry has been acheived, in close co-ordination with the R.B.I., the S.E.B.I. and the Department of Company Affairs. The question of taking the consent of the Andhra Pradesh Government would arise when the preliminary enquiry is completed and a cognisable offence is established. The enquiry will be completed in the next few weeks, in co-operation with the above-mentioned agencies.

> About the Krishnamurthy case, which was raised, out of three, two have been chargesheeted. Investigation in respect of the third one is in an advanced stage, including investigations abroad.
>
> In respect of investigations.....

SHRI GURUDAS DAS GUPTA: I mentioned about Japan, specifically.

SHRIMATI MARGARET ALVA: Let me finish. I did not disturb you. Therefore, please listen.

In respect of investigations in Japan, an undertaking, i.e., a letter rogatory, has been sought and it is in the process of being submitted. There is no let-up of any kind as far as the investigation in this case is concerned.

The list of bureaucrats who have promoters' shares — a question was raised about this — has been compiled and submitted to the concerned Departments for necessary action. There is not effort at suppressing the list, which the hon. Member was flaunting this morning because he seemed to have got copies of it from somewhere.

[Smt. Margaret Alva]

Regarding the individuals/companies mentioned, the C.B.I. has no cases arising out of the bank scam, so far. If any specific information is forthcoming in the course of the enquiry, suitable action will be initiated.

I wish to state that the progress of investigation of all the cases by the CBI is being pursued vigorously and substantial progress has been achieved. The difficulties, if any, will be overcome and the culprits brought to book. The trial in some of the cases is also likely to commence shortly in the Special Courts.

Madam, I may add just one point, that the CBI, when they initially started, were faced with very complicated issues. They had to decode lists from computers, they had to go in for certain expert handling for which, may be, the existing group was not totally qualified. But in the meantime, over the months they have got together teams of people who are able to deal with this specific requirement of the investigation, and I can assure the House that nothing of that kind has been done, what was this morning called, a "cover-up". We have been trying to get at the truth, and I can tell you that as far as the CBI is concerned, they have done the maximum they could, and I think it is time that you acknowledge what has been done and at least congratulate them for the breakthrough that they have achieved.

SHRI S. JAIPAL REDDY: I have a point.

SHRI GURUDAS DAS GUPTA: The statement made by the hon. Minister of State only confirms that while five Joint Directors were looking into the cases — I said one person was recently promoted; I did not name him — the organization looking after the scam cases has definitely been reduced..... (*Interruptions*)

I only wish the Government makes a commitment that investigation with regard to Mr. Krishna Murthy in Japan will be done.

SHRIMATI MARGARET ALVA: Please let me say that the CBI is handling any number of sensitive issues. We have five JDs.

You have the Bombay blast case, you have the Ayodhya case, you have any number of cases.... (*Interruptions*)...

SHRI GURUDAS DAS GUPTA: I appreciate the difficulties of the CBI, but the fact remains... (Interruptions)...

SHRIMATI MARGARET ALVA: Do you want them to do only the bank scam work when there are 101 cases on hand — about which you raise questions every time in the House, from Bofors to everything else?

SHRI GURUDAS DAS GUPTA: That is not the way, Madam, to answer.

We want information. I appreciate the work of the CBI, but the fact remains.... (*Interruptions*)...

SHRI S. JAIPAL REDDY: Madam, in regard to the CBI I have a few clarifications to seek. (1) While The JPC....

SHRIMATI MARGARET ALVA: Madam, I am sorry, I do not know what the procedure is. We listen to all the points raised. I have got together the points about the CBI which have raised.

SHRI S. JAIPAL REDDY: I am asking about the CBI.

SHRIMATI MARGARET ALVA: You have spoken, you have finished and I have answered.

SHRI S. JAIPAL REDDY: You have not answered my questions.

SHRIMATI MARGARET ALVA: I only intervened

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): Mr. Reddy, let the Minister reply.

SHRI S. JAIPAL REDDY: You have not answered about Bhupen Dalal's foreign accounts.

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): She only intervened.

SHRIMATI MARGARET ALVA: It is a Calling-Attention. I have clarified all the points which you have brought on record here.

SHRI S. JAIPAL REDDY: I am asking about Bhupen Dalal's foreign accounts which were being looked into by your CBI..... (*Interruptions*)...

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): Now I would request the Finance Minister to reply to the Calling-Attention motion.

SHRI M.A. BABY: I am on a point of order, Madam.

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): No point of order, please.... (*Interruptions*)...

SHRI M.A. BABY: Madam, you can dispose of my point of order, but please have the patience to listen for a while. According to the rules for Calling-Attention, once a Member calles the attention of the Minister, the Minister makes a statement, then Members put questions and then the Minister replies. But never in the history of the House, so far as my memory goes — I have been here for nearly eight years — has a Minister intervened in between. I am not objecting to the intervention. On the other hand, I appreciate it. But my only submission is, having permitted Mrs. Margaret Alva to intervene and make certain statements, it is customary for her to simply reply to the questions arising out of her clarificatins. This is an extraordinary step you have taken by permitting a Minsiter to intervene.

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): Mr. Baby, I think this was not a clarification from the Minister. It was information which she was giving.

SHRI S. JAIPAL REDDY: She intervened... (*Interruptions*).

If you intervene to speak on behalf of the CBI, you should answer the whole range of questions relating to the CBI. You cannot be selective. You are selective and deliberately selective.

SHRI M.A. BABY: Madam, the Minister has gone into great details to answer many of the questions we raised. We appreciate that. But, to the credit of the Minister, it will be in the fitness of things that the remaining issues should also be answered.

SHRIMATI MARGARET ALVA: I need not answer them.

SHRI M.A. BABY: We have raised those issues. The Minister has been courteous enough... (*Interruptions*)

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): Thank you very much. Let the Finance Minister now reply to the point raised.

SHRI MANMOHAN SINGH: Madam, after what has been said by Smt. Margaret Alva, Shri Madan Bhatia and Shri Jagesh Desai, there is not much that I can add to it.

I repeat that there is no attempt whatsoever on the part of our Government to indulge in any cover-up operations. We are interested in finding out the truth. As several Members have stated, the strategy is two-fold.

I think, there is complete agreement in the House that we must ensure that such a scam must never recur. Therefore, we have to look at our systems, we have to look at our procedures and we have to plug the loopholes in our laws, in-our procedural arrangements and supervisory arrangements. That applies to the Reserve Bank, that applies to the banking system, that applies to the functioning of the securities market and that applies to the functioning of our market. that is one major task that we have to accomplish. The second is that we should take appropriate action against all those who have been accomplices in one way or the other in perpetrating this sort of scam which has

[Shri Manmohan Singh]

done a great damage to our country's economy. I wish to assure the House that our Government will pursue this task and it has been pursuing this task with diligence and with speed.

I promised in this House as well as in the other House in December — it was my intention and I said it in all sincerity — that we would complete this action as early as possible, and I set myself the limit of three months. But, I will be very honest and frank to admit that I had under-estimated the magnitude of the task that lay before me. We have 273 recommendations. Of these, roughly 190 concern the Ministry of Finance and operations of the banking system. The rest of the recommendations concern the operations of the rest of the Government. As far as the official level is concerned, the Ministry of Finance at the official level has completed most of the work, but I have not had the time myself to satify myself that all that was necessary was being done. I have been extremely busy with the Budget work until yesterday, and I did not have the time to apply my mind to satisfy myself that all that was necessary on our part was being done. Now that I am free from the Budget work, I will apply my mind, and I will take, wherever necessary, the guidance of my Cabinet colleagues so that the assurance I gave to this august House, is fulfilled.

As far as the recommendations concerning the various other Ministries are concerned, action is in hand, and I have been assured by an inter-departmental committee which is functioning under the Cabinet Secretary that very soon, before the end of this month they would be able to complete the required action. That is why I said that by the 30th of June we would be able to come to this House and indicate what we propose to do with regard to each and every recommendation of the Joint Parliamentary Committee. I once again reiterate that there has never been and there will not be any attempt to cover up.

6.00 P.M.

We are not a part of that process. It has never been our intention. Right from the beginning when this scam came to our notice, right from day one we took the stringent possible actions, the establishment of the special court, the confiscation of the property by referring all these cases to the CBI. So, all the required action has been taken and will be taken. But there are certain things that I can mention. What is the moral of the scam? The scam clearly shows weaknesses in the functioning of India's banking system. Our banking system has a low degree of profitability. Therefore, in forder to dress up its balance-sheet it had to go through this circuitous route. Banks are not allowed to lend money directly to the stock markets where high rates of returns have prevailed from 1987 onwards. Therefore, like water finding its own level, they found loopholes in this system. Therefore, this money was diverted from the public sector units to the banks and for speculation in the stock market. So, if we want to correct this distortion at the source, it is necessary to improve the functioning of the banking system. It is in this pursuit that right from 1992 onwards, we have taken several measures. If the House wants, I could read out. But they are listed in box number 3.1 at page 40 of the Economic Survey which lists the banking and the financial reforms until 1993-94 which we have taken to streamline the functioning of the banking system.

Along with the banking system, it is also necessary to streamline the functioning of the stock markets. That is why we have given additional powers to the SEBI. The SEBI has been given statutory powers whereas formerly it was merely a recommendatory body.

I would also like to point out-and Shri Jagesh Desai has made a pointed

question with regard to the capital market-that the UTI has been brought under the SEBI regulation. This was one of the recommendations. We have taken action.

Secondly, the Governing Bodies of Stock Exchanges have been successfuly diversified. Half the members now consist of SEBI-nominated public representatives the other half are elected brokers.

Thirdly, the ability of brokers to take dangerously overleveraged positions with little or no commitment of their own capital is now firmly curbed with the earlier *badla* system having been discontinued and the SEBI having declared that a recommencement of *badla* would only be possible under a framework of transparency and prudence. Certels of bulls and bears will not, under the present dispensation, be able to 'swing' prices and transactions the way they did during the time of the scam.

Fourthly, the SEBI has insisted on norms being strictly followed by stock exchanges. Wilful opposition is being curbed by the SEBI. Currently, the SEBI is conducting a detailed investigation into the activities of the Calcutta Stock Exchange.

Fifthly, slowly, stock Exchange are beginning to act agaisnt errant brokers. Bombay Stock Exchange has suspended some brokers or defying the SEBI norms on scaling down carry-forward transactions.

SHRI GURUDAS DAS GUPTA: Why is hyper-volatility continuing?

SHRI MANMOHAN SINGH: We are not discussing about the market. We are discussing about the follow-up action... *(Interruption)* Madam, I seek your protection. We are not discussing about the behaviour of the stock market. We are discussing the follow-up action.

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): Mr. Das Gupta, let the Minister continue his relpy.

SHRI MANMOHAN SINGH: Madam, with regard to the system changes, I can mention for this august House's information that the mechanism of bankers' receipt, ready forward transaction, Portfolio Management Scheme and subsidiary general ledger facilities have been comprehensively reviewed and adequate safeguards have been prescribed to prevent thier misuse in future.

The inspection procedures of the RBI, the audit systems in banks and the internal control mechanisms of banks have been geared to monitor the compliance of the RBI guidelines and directives. In order to empower the RBI to impose graded and more deterrent penalties, the Banking Regulation Act has been amended and further amendments to the Act, necessary in the light of the changed regulatory environment, are under consideration. The JPC report has underlined the weak linkages in the monitoring and control of the activities of the subsidiaries/mutual funds by the sponsor banks and the RBI has gone into these aspects and has stipulated the parameters. *(Interruption)*.

With regard to the role of the foreign banks about which the JPC had expressed serious concern, I would like to assure the House that the necessary action, as per the regulatory rules and procedures of the RBI, is underway. Special Audit in respect of the main foreign banks indicted by the Committee was commissioned by the Reserve Bank of India. The RBI has also undertaken a detailed scrutiny of the treasury operations of foreign banks. Examination of the request of the foreign banks for additional branches includes the RBI's assessment of thier conduct in the securities irregularities. *(Interruptions)*. The terms of the Chief Executives of some of the foreign banks have not been renewed and others have effected changes of the top management on their own initiative. Repatriation of profits for the year 1991-92 has been withheld for some banks. The Bank of England was

[Shri Manmohan Singh]
asked to confirm the violation of local regulations by the Standard Chartered Bank and the ANZ Grindlays Bank. But the Bank of England has not confirmed. So, the RBI is in touch with the supervisory authorities in the USA as to whether any US banking laws have been violated by the Citibank and the Bank of America. Based on the special audit and RBI scrutinies, levy of appropriate penalties on the concerned foreign banks as well as Indian banks is under consideration of the RBI. *(Interruptions)*.

In so far as fixing the accountability for the irregularities is concerned, Special Officers have been appointed to look into the role of the top management of the major banks/bank subsidiaries adversely commented upon in the janakiraman Committee Reports and the JPC Report. The banks/institutions in the public sector have so far identified 97 officials and the Committee's recommendations that departmental action should be finalised within a period of six months, has been brought to the notice of the Chief Executives of these banks/ institutions who have been advised to personally monitor the progress. Finalisation of disciplinary proceedings in many cases, however, is time-consuming, particularly where criminal proceedings are simultaneously pursued by the CBI. As per the available information, the CBI has already registered 47 cases and filed 11 chargesheets. With a view to expedite the proceedings in the Special Court, statutory amendments have been made in the Special Courts Act conferring civil powers to the Special Courts. I thank all hon.-Members for having supported this measure.

The RBI has approached the Institute of Chartered Accountants of India. Mr. Jagesh Desai raised this point. I am pleased to inform him that the RBI has approached the Instituted of Chartered Accountants of India to take suitable action against the auditors found guilty of failure in the discharge of their duties in preparing audit reports.

A reference was made to the end-use of money. I am pleased to inform the hon. House that an Inter-Disciplinary Group under the Chairmanship of Custodian and members from the RBI, the CBI, the Income-Tax and the Enforcement Directorate is engaged in the exercise of tracing the end-use of monies involved in the Scam and it is expected to submit an interim reprot shortly. The Custodian has also informed the Government that the total approximate value of the properties attached under the Special Courts Act is Rs. 2247 crores.

With regard to income-tax investigations, the investigations are being pursued vigorously and benami shares in 39 companies, comulatively valued at about Rs. 303 crores as on 4.12.1993...

Assessments of assessment years 1989-90, 1990-91 and 1991-92 have been completed for Harshad Mehta Group and the total demand has been determined at approximately Rs. 1320 crores. 73 assessments have been completed in the case of Bhupen Dalal Group and Associate groups and demand of about Rs. 813 crores has been raised. In the Fairgrowth Financial Services Limited Group, six assessments have been completed for the assessment year 1991-92. Further, a sum of Rs. 11.47 crores out of the amount attached by the Custodian has been adjusted against the demand in the case of Fairgrowth Financial Services Limited for the assessment year 1992-93. Penalty proceedings under the Income-tax Act have also been initiated and in some cases prosecution complaints have also been filed. Investigations and assessments in the case of scam-tainted brokers have been centralised to facilitate extensive inquiries. Madam, this detailed account will clearly show that there is absolutely no truth in the allegations that our Government has been slow or that it is engaged in any cover-up operation.

श्री सिकन्दर बख्तः सदर साहिबा एक मिनट।

डाक्टर साहब, कोई पर्सनल बात नहीं है, मैंने पहले भी आपकी खिदमत में अर्ज किया था:

"मक्ते में आ पड़ी है सुखन गुस्तराना बात"

आपने तो कुछ आइदा के लिए बात की है। हम ज़िक्र उसका कर रहे हैं, जो हो चुका है, उसकी एकाउंटेबिलिटी का जवाब चाहिए था हमें। माफ करना, यह कोई पर्सनल बात नहीं है, लेकिन जो गल्तियां हो चुकी हैं, उसके लिए एकाउंटेबिलिटी किसकी होगी? आपने फ्यूचर की बात की है, मुसतकबिल की बात की है, अतीत की कोई बात नहीं की। हमें सख्त शिकायत है और हम मजबूर है कि हमारे पास इस गवर्नमेंट के एटीच्यूट के खिलाफ सिवाय वाक-आउट करने के कोई दूसरा रास्ता नहीं रहा है।

[]

(तत्पश्चात् कुछ माननीय सदस्य सदन से उठकर चले गए)

SHRI GURUDAS DAS GUPTA: Madam, the hon. Finance Minister has not answered my questions that have been raised with regard to the let-up in the inquiry and also with regard to the serious hyper-volatility which is persisting in the stock market resulting in diversion of funds from productive sector to speculation. He has also not made his comment on the inclusion of the senior-most partner of Billimorie company who has been able to find a place in the Committee of Management of the RBI. So, as a mark of protest, I dissociate myself with this and we would like to walk out by registering our protest against the lack of accountability and lack of concern being shown by the hon. Finance Minister.

(At this stage, some hon. Members left the Chamber)

SHRI S. JAIPAL REDDY: The Finance Minister made a non-statement. That non-statement has been followed by non-reply. All that he has told us was known to us. He has not told us about the action to be taken against the bank officials, the brokers, the other officials and all those who were involved in the scam. In protest against this sort of reply, we stage a walk-out.

(At this stage, some hon. Members left the Chamber)

SHRI TINDIVANAM G. VENKATRAMAN: Madam, I raised the question of parting away of Rs. one crore by Harshad Mehta. I did not get any reply. So, as a mark of protest, we stage a walk-out.

(At this stage, some hon. Members left the Chamber)

DR. BIPLAB DASGUPTA: Madam, as a mark of protest, we stage a walk-out.

(At this stage, some hon. Members left the Chamber)

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): Now, we will take up the Statutory Resolution

*[]Transliteration in Arabic Script.